Government of Saskatchewan

Financial Statement 2002-2003

Prairie West Regional College

For the fiscal year ending
June 30, 2003

Saskatchewan
Our Future is Wide Open

104-00693/

Letter of Transmittal

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the Prairie West Regional College for the year ending June 30, 2003.

Respectfully submitted,

Judy Junor
Minister of Learning

PRAIRIE WEST REGIONAL COLLEGE

Auditor's Report

Financial Statements - June 30, 2003

Gilchrist & Co.
CERTIFIED MANAGEMENT ACCOUNTANTS

P. O. Box 1718 416 Main Street
Rosetown, Saskatchewan S0L 2V0

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AUDITOR'S REPORT

To the Directors
Prairie West Regional College

We have audited the statement of financial position of Prairie West Regional College as at June 30, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Rosetown, Saskatchewan
September 24, 2003

Gilchrist & Co.
Certified Management Accountant

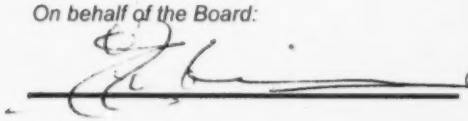
PRAIRIE WEST REGIONAL COLLEGE
Statement of Financial Position
as at June 30, 2003

Statement 1

	2003			2002
	Operating	Capital	Total	Total
Assets				
Current Assets				
Cash	$ 859,873	$ 416,635	$1,276,508	$1,113,604
Accounts receivable (note 3)	123,423	-	123,423	158,007
Prepaid expenses	22,577	-	22,577	61,322
	1,005,873	416,635	1,422,508	1,332,933
Non-current Assets				
Capital assets (note 4)	-	2,002,939	2,002,939	1,503,499
	$1,005,873	$2,419,574	$3,425,447	$2,836,432
Liabilities				
Current Liabilities				
Accrued salaries and benefits	$ 89,125	$ -	$ 89,125	$ 99,145
Accounts payable and accrued liabilities (note 5)	47,943	-	47,943	77,781
Unearned revenue (note 6)	451,746	169,635	621,381	613,037
Current portion long term debt (note 7)	-	22,924	22,924	-
	588,814	192,559	781,373	789,963
Non-current Liabilities				
Long term debt (note 7)	-	227,076	227,076	-
Net Assets				
Invested in capital assets	-	1,752,939	1,752,939	1,503,499
Internally restricted as reserves (note 8)	46,700	247,000	293,700	95,000
Unrestricted	370,359	-	370,359	447,970
	417,059	1,999,939	2,416,998	2,046,469
	$1,005,873	$2,419,574	$3,425,447	$2,836,432

See accompanying notes to financial statements.

On behalf of the Board:



Chairman

PRAIRIE WEST REGIONAL COLLEGE
Statement of Operations
for the year ended June 30, 2003

Statement 2

	Operating			Capital			Totals		
	(Note 9) 2003 Budget	2003	2002	(Note 9) 2003 Budget	2003	2002	(Note 9) 2003 Budget	2003	2002
Revenues (Schedule 1)									
Saskatchewan Learning	$2,459,814	$2,456,539	$2,436,883	$ 108,800	$ 448,766	$ 25,673	$2,568,614	$2,905,305	$2,462,556
Federal government	9,600	23,503	10,669	-	-	-	9,600	23,503	10,669
Other revenue	1,062,643	1,305,902	943,897	-	-	-	1,062,643	1,305,902	943,897
Total revenues	3,532,057	3,785,944	3,391,449	108,800	448,766	25,673	3,640,857	4,234,710	3,417,122
Expenses (Schedule 2)									
Agency	692,904	777,610	812,667	-	-	-	692,904	777,610	812,667
Amortization	-	-	-	175,805	197,639	156,007	175,805	197,639	156,007
Equipment	113,782	88,160	106,980	-	-	-	113,782	88,160	106,980
Facilities	241,430	259,278	227,974	-	-	-	241,430	259,278	227,974
Information technology	66,579	66,646	33,249	-	-	-	66,579	66,646	33,249
Operating (schedule 3)	457,090	382,008	388,351	-	-	-	457,090	382,008	388,351
Personal services	2,185,389	2,092,840	1,860,567	-	-	-	2,185,389	2,092,840	1,860,567
Interest expense	-	-	-	-	-	-	-	-	-
(Gain) loss on disposal of capital assets	-	-	-	-	-	(76,046)	-	-	(76,046)
Total expenses	3,757,174	3,666,542	3,429,788	175,805	197,639	79,961	3,932,979	3,864,181	3,509,749
Excess (deficiency) of revenue over expenses	$ (225,117)	$ 119,402	$ (38,339)	$ (67,005)	$ 251,127	$ (54,288)	$ (292,122)	$ 370,529	$ (92,627)

See accompanying notes to financial statements.

PRAIRIE WEST REGIONAL COLLEGE
Statement of Changes in Net Assets
for the year ended June 30, 2003

Statement 3

	Capital		Operating		Totals	
	Invested in Capital Assets	Internally Restricted	Internally Restricted	Unrestricted	2003	2002
Net assets, beginning of year	$1,503,499	$ -	$ 95,000	$ 447,970	$2,046,469	$2,139,096
Excess (deficiency) of revenue over expenses	251,127	-	-	119,402	370,529	(92,627)
Appropriated to reserves	-	247,000	(48,300)	(198,700)	-	-
Interfund transfers (note 13)	(1,687)	-	-	1,687	-	-
Net assets, end of year	$1,752,939	$ 247,000	$ 46,700	$ 370,359	$2,416,998	$2,046,469

Restricted details (note 8)	Beginning Balance	Appropriations to Net Assets	Appropriations from Net Assets	Ending Balance
Internally restricted - capital				
Capital Replacement Reserve	$ -	$ 37,000	$ -	$ 37,000
Building Maintenance Reserve	-	50,000	-	50,000
Warman Facility Reserve	-	160,000	-	160,000
	-	247,000	-	247,000
Internally restricted - operating				
Co-ordinator Reclassification Reserve	25,000	-	25,000	-
Contract Instructor Reserve	70,000	-	23,300	46,700
	95,000	-	48,300	46,700
Total restricted	$ 95,000	$ 247,000	$ 48,300	$ 293,700

See accompanying notes to financial statements.

PRAIRIE WEST REGIONAL COLLEGE
Statement of Cash Flows
for the year ended June 30, 2003

Statement 4

	2003	2002
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	$ 370,529	$ (92,627)
Amortization of capital assets	197,639	156,007
(Gain) on sale of capital assets	-	(76,046)
	568,168	(12,666)
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	34,584	(38,837)
Decrease (increase) in prepaid expenses	38,745	(17,350)
Decrease (increase) in accrued salaries and benefits	(10,020)	9,878
(Decrease) in accounts payable and accrued liabilities	(29,838)	(254,649)
Increase in unearned revenue	8,343	155,044
Increase in current portion of long-term debt	22,924	-
Cash provided from (used in) operating activities	632,906	(158,580)
Cash flows from investing activities		
Purchase of capital assets	(697,078)	(140,808)
Proceeds from disposal of capital assets	-	76,046
Cash used in investing activities	(697,078)	(64,762)
Cash flows from financing activities		
Proceeds from long-term borrowings	227,076	-
Cash used in financing activities	227,076	-
Net increase (decrease) in cash	162,904	(223,342)
Cash, beginning of the year	1,113,604	1,336,946
Cash, end of the year	$ 1,276,508	$ 1,113,604

See accompanying notes to financial statements.

PRAIRIE WEST REGIONAL COLLEGE
Notes to the Financial Statements
for the year ended June 30, 2003

1. **Purpose and Authority**

Prairie West Regional College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act. The College Board plays an integral part in strategic direction and management guidance.

The purpose of the College is to provide credit and non-credit classroom and vocational training to meet the needs of regional constituents and industry. Prairie West Regional College is exempt from the payment of income tax.

2. **Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specified activities or objectives:

i) Operating Fund

The operating fund accounts for the College's program delivery, service and administrative activities.

ii) Capital Fund

The capital fund reflects the net book value of all capital assets of the College after taking into consideration any associated long-term debt. The capital fund also includes contributions, interest and donations designed for capital purposes by the contributor, net of the annual amortization expense. Also included in the capital fund are the appropriations for future capital expenditures.

b) Revenue Recognition

The College follows the restricted fund method of accounting for grants. Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Contributions restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating contributions are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution.

Capital assets are amortized on a straight-line basis over their estimated useful lives and amortization is reported as an expense in the capital fund as follows:

Buildings	20 years
Office furniture	10 years
Office equipment	5 years
Machinery	5 years
Computer equipment	3 years
Leasehold improvement	Term of the lease
System development	5 years

d) Cash and Cash Equivalents

Cash and cash equivalents are represented by cash on hand and balances with banks.

3. Accounts Receivable

Accounts receivable are composed of the following:

	2003	2002
Saskatchewan Learning	$ 28,260	$ 33,488
Province of Saskatchewan - other	5,945	5,705
Regional Colleges	668	-
S.I.A.S.T.	2,061	4,232
Federal government	17,026	18,074
Other	69,463	96,508
	$ 123,423	$ 158,007

4. Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$1,998,798	$ 240,604	$1,758,194	$1,265,977
Land	38,550	-	38,550	-
Leasehold improvements	25,078	11,275	13,803	62,372
Furniture	122,844	47,562	75,282	81,709
Office equipment	52,034	33,389	18,645	9,898
Computer equipment	347,663	263,381	84,282	62,269
Student information system	35,457	21,274	14,183	21,274
	$2,620,424	$ 617,485	$2,002,939	$1,503,499

In 2002, the College began substantial building renovations at its leased teaching facility in Kindersley. As at June 30, 2002, the College had incurred $60,401 in related costs which were recorded as leasehold improvements. Subsequently, in June 2003 the College received approval to purchase the facility and therefore, these costs have been reclassified under capital assets - buildings.

5. Accounts Payable and Accrued Liabilities

Accounts payable are composed of the following:

	2003	2002
Province of Saskatchewan - other	$ 5,749	$ 2,479
Regional Colleges	1,203	39,835
S.I.A.S.T.	2,431	6,114
Federal government	62	168
Other	38,498	29,185
	$ 47,943	$ 77,781

6. Unearned Revenue

Unearned revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	2003	2002
Saskatchewan Learning	$ 562,087	$ 601,476
Other	59,294	11,561
	$ 621,381	$ 613,037

7. Long Term Debt

	2003	2002
During the year, the College incurred long-term debt with CUCORP Financial Services to purchase the Kindersley teaching facility. It is a secured demand loan at prime minus one-half percent with monthly principal payments of $2,084 plus interest. The loan is scheduled to be retired by July, 2013, but can be prepaid without penalty at any time.	$ 250,000	$ -
Less current portion	(22,924)	-
	$ 227,076	$ -

Principal payments due over the next ten years are as follows:

July 1, 2003 - June 30, 2008	$ 122,956
July 1, 2008 - June 30, 2013	127,044
	$ 250,000

8. Restrictions on Net Assets

The Board of Directors of Prairie West Regional College has placed internal restrictions on $293,700 of unrestricted net assets to be used for specified events (2002 - $95,000) as detailed on Statement 3. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

9. Budget Amounts

The budget amounts on these financial statements were prepared by Regional College management and approved by the Board on May 29, 2002. The Minister approved the budget on June 28, 2002.

10. Related Party Transactions

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

The College brokered the following course sessions during the year:

	2003	2002
S.I.A.S.T.	$ 438,720	$ 378,583
University of Saskatchewan	14,505	31,086
	$ 453,225	$ 409,669

Payments to other related parties include:

	2003	2002
Saskatchewan Regional Colleges expenses	$ 4,554	$ 75,908
Saskatchewan Municipal Employees' pension	63,793	62,080
SaskTel expenses	56,662	41,893
Biggar School Division expenses	12,091	27,544
SaskPower expenses	37,050	11,085
SaskEnergy expenses	16,750	13,680
	$ 190,900	$ 232,190

The College receives long distance telephone service between major centres from SaskTel, a related party, at reduced rates available to government agencies.

During the year, the College continued a contract with Saskatchewan Communications Network (SCN) to deliver various training and educational programs. The College received $77,739 (2002 - $86,000) during the year to deliver these programs.

On November 18, 2002, the College entered into a loan agreement with the Education Infrastructure Financing Corporation and Saskatchewan Learning. The College received $215,000 which is to be repaid over 10 years at 6% interest. Subject to annual appropriations, Saskatchewan Learning has agreed to service the loan payments. The $215,000 has been recorded as capital revenue.

11. Financial Instruments

The College's significant financial instruments consist of accounts receivable, accounts payable and accrued benefits.

a) The carrying amount of cash, accounts receivable, accounts payable and accrued benefits approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing or certainty of future cash flows.

b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's accounts receivable are from the provincial and federal government, therefore, credit risk is minimal.

12. Employee Future Benefits

Employees of the College participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. No matching contribution is made by the College nor does it have a financial obligation to the TSP. All other employees participate through the Municipal Employees Pension Plan (MEPP), which is a multi-employer defined benefit plan.

The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for 2003 was $63,793 (2002 - $62,080).

13. Interfund Transfers

In 2003, the Board transferred $1,687 from the Capital Fund to the Operating Fund to offset withdrawals for operating expenditures. In 2002, the Board transferred $39,089 from the Operating Fund to the Capital Fund to offset withdrawals for capital expenditures.

14. Comparative Information

Certain 2002 balances have been reclassified to conform with the current year's presentation.

Schedule 1

Prairie West Regional College
Schedule of Operating Fund Revenues by Function
for the year ended June 30, 2003

	2003								2003	(Note 9) 2003 Budget	2002
	General	Skills Training		Basic Education		University	Services				
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	Total	Total	Total
Saskatchewan Learning											
Admin recovery grant	$ 20,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 20,000**	$ 20,000	$ 121,500
Base grant	1,144,609	-	-	-	-	67,574	-	130,163	**1,342,346**	1,331,105	1,231,492
Program payments	-	769,613	-	200,746	22,375	-	-	-	**992,734**	1,003,675	1,007,189
Regional Service Branch payments	-	-	-	-	-	-	-	-	**-**	-	-
Other	36,640	-	-	-	-	-	64,819	-	**101,459**	105,034	76,702
	1,201,249	769,613	-	200,746	22,375	67,574	64,819	130,163	**2,456,539**	2,459,814	2,436,883
Federal Government											
Admin recovery	-	-	-	-	-	-	-	-	**-**	-	-
Program payments	-	-	-	-	-	-	-	-	**-**	-	-
Contracts	-	-	-	-	19,558	-	-	3,945	**23,503**	9,600	9,605
Other	-	-	-	-	-	-	-	-	**-**	-	1,064
	-	-	-	-	19,558	-	-	3,945	**23,503**	9,600	10,669
Other Revenue											
Admin recovery	-	-	-	-	-	-	-	-	**-**	-	-
Contracts	17,793	76,087	40,215	65,867	27,000	-	77,739	40,190	**344,891**	298,568	278,790
Interest	44,810	-	-	-	-	-	-	-	**44,810**	33,000	44,410
Rents	11,279	3,300	-	-	-	-	-	-	**14,579**	7,380	12,408
Resale items	1,470	69,412	6,311	1,674	-	1,813	-	-	**80,679**	59,835	71,374
Tuitions	-	706,602	87,803	-	-	-	-	-	**794,405**	659,660	509,129
Other	14,255	1,475	150	-	814	105	9,739	-	**26,538**	4,200	27,786
	89,606	856,876	134,479	67,541	27,814	1,918	87,478	40,190	**1,305,902**	1,062,643	943,897
Total revenue	1,290,855	1,626,489	134,479	268,287	69,747	69,492	152,297	174,298	**3,785,944**	3,532,057	3,391,449
Total expenses	1,830,053	1,185,498	78,745	184,856	47,246	28,709	109,259	202,176	**3,666,542**	3,757,174	3,429,788
Excess (deficiency) of revenues over expenses	$ (539,198)	$ 440,991	$ 55,734	$ 83,431	$ 22,501	$ 40,783	$ 43,038	$ (27,878)	**$ 119,402**	$ (225,117)	$ (38,339)

See accompanying notes to financial statements.

Schedule 2

Prairie West Regional College
Schedule of Operating Fund Expenses by Function
for the year ended June 30, 2003

	2003								2003	(Note 9) 2003 Budget	2002
	General	Skills Training		Basic Education		University	Services				
		Credit	Non-credit	Credit	Non-credit	Credit	Learner Support	Counsel	**Total**	Total	Total
Agency contracts	$ 1,904	$ 740,203	$ 16,052	$ 1,064	$ 13,186	$ 4,301	$ 900	$ -	**$ 777,610**	$ 692,904	$ 812,667
Equipment	75,250	4,397	936	1,874	-	-	5,578	125	**88,160**	113,782	106,980
Facilities	102,799	96,486	11,470	27,113	4,440	3,000	13,920	50	**259,278**	241,430	227,974
Information technology	49,426	6,043	1,727	263	-	-	6,297	2,890	**66,646**	66,579	33,249
Operating (Schedule 3)	213,273	114,266	15,664	11,250	6,214	4,508	11,757	5,076	**382,008**	457,090	388,351
Personal services	1,387,401	224,103	32,896	143,292	23,406	16,900	70,807	194,035	**2,092,840**	2,185,389	1,860,567
	$ 1,830,053	$ 1,185,498	$ 78,745	$ 184,856	$ 47,246	$ 28,709	$ 109,259	$ 202,176	$ 3,666,542	$ 3,757,174	$ 3,429,788
			$ 1,264,243		$ 232,102			$ 311,435			

See accompanying notes to financial statements

PRAIRIE WEST REGIONAL COLLEGE
Schedule of Operating Fund Expenses
for the year ended June 30, 2003

Schedule 3

	Totals		
		(Note 9)	
	2003	2003 Budget	2002
Operating expenses			
Advertising	$ 39,835	$ 37,871	$ 23,865
Association fees and dues	7,754	7,695	6,765
Bad debts	1,233	200	5,442
Financial services	4,634	1,575	1,358
In-service	7,302	26,220	23,472
Insurance	12,210	13,000	11,185
Materials and supplies	54,359	72,235	64,940
Postage, freight and courier	20,390	28,461	22,369
Printing and duplicating	31,441	30,437	25,937
Professional services	19,031	54,203	40,490
Resale items	77,439	59,835	61,758
Subscriptions	1,962	2,355	859
Telephone and fax	40,317	62,210	44,502
Travel	49,049	44,141	46,173
Other	15,052	16,652	9,236
	$ 382,008	$ 457,090	$ 388,351

See accompanying notes to financial statements.

Prairie West Regional College
Personal Services Listing
for the year ended June 30, 2003
"Unaudited"

Listed are individuals (excluding unionized employees) who received $2,500 or more for salaries, wages, honorariums, and compensation for personal service. This listing will include: Gross salary + gross bonus + honorariums + compensation for personal service = Personal Service. (No travel reimbursements, transfers or other expenditures will be included).

Probert, Bruce	$	91,358
Box, Jay		73,138
Bothner, Gordon		59,998
Martin, Erin		44,294
Busby, Cheryl		11,123
Unionized Employees		1,379,883
Total	**$**	**1,659,794**

Prairie West Regional College
Supplier Payment Listing
for the year ended June 30, 2003
"Unaudited"

Listed are payees who received $20,000 or more for the provision of goods and services, including office supplies, communications, contracts, and equipment.

Receiver General	$ 110,629
SIAST - Kelsey Campus	308,639
Dies Developments	214,740
Municipal Employees' Pension Plan	63,493
Saskatchewan Indian Institute of Technologies	78,796
Saskatchewan Blue Cross	66,054
SIAST - Woodland Campus	68,063
Prairie Driver Training Service	58,640
SaskTel	56,662
Adcom Videoconferencing	50,022
Cypress Sales Partnership	48,070
Eagle Lake Farms	39,510
Marian Press	38,759
Saskatchewan Property Management Corporation	37,050
Kin-Kerr Safety Service	34,610
The Carpet Shoppe	32,970
Iron Solutions	27,821
Grand and Toy	27,472
Association of Saskatchewan Regional Colleges	26,000
SIAST - Wascana Campus	25,647
Rosetown and District Civic Centre	25,493
MGJ Holdings Ltd.	24,845
Harry's Oil Field Maintenance	20,544
Total	**$ 1,484,530**